THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI TASLIMUDDIN): (a) and (b) Increase in domestic price rise has been mainly due to inflation in some food articles mainly rice, tur dal and edible oils witnessed globally due to inadequate supplies in relation to demand, diversion of food grains to bio-fuel and animal feed and, production losses due to inclement weather conditions. Some Increase in prices of some food articles such as rice and pulses in the country is also on account of hike in Minimum Support Price (MSP), bonus and decline in domestic production. Government is closely monitoring movement in prices of essential commodities such as wheat, pulses & edible oil and has responded by taking a series of measures such as (i) augmentation of availability of wheat through imports and banning export of wheat; (ii) protecting vulnerable sections of society through Targeted Public Distribution System (TPDS) and Antodaya Anna Yojana (AAY); (iii) reduction in Customs duty on import of pulses to zero; (iv) banning export of pulses; (v) initiating imports of pulses through the State agencies such as NAFED, PEC Ltd., MMTC and STC; (vi) directing Public Sector Undertakings (PSUs) to import edible oils and to augment edible oils availability in the domestic market; (vii) reducing import duty on crude sunflower oil, crude palm oil (CPO) and Soya oils; (viii) as a matter of abundant caution, delisted all contracts of wheat, rice, tur and urad from commodity futures Exchanges.

(c) and (d) As per the GDP estimates at constant prices (base 1999-2000) released by the Central Statistical Organisation (CSO), the growth rate in GDP of trade sector as a whole has been estimated at 8.1% during the year 2005-06. Separate official estimates of rate growth of the share of retail sector and organized retail in GDP are not available. No studies have been conducted by the Government to assess whether the increase in organized retail trading added momentum to the price rise.

Rise in prices of essential commodities

838. SHRI SITARAM YECHURY:
SHRI C. RAMACHANDRAIAH:
SHRIMATI SUPRIYA SULE:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the recent past saw a continuous rise in price of essential commodities;

(b) if so, the reason therefor and the details thereof in comparison to the price of essential commodities from May, 2004 to January, 2008;

(c) the steps initiated by Government to control the price rise and also to affect the impact of price on consumers;

(d) whether Government is considering to strengthen the PDS system and expand it in the view of steep price hike; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI TASLIMUDDIN): (a) There has been no continuous increase in Prices of essential commodities. While comparing the prices of essential commodities from May, 2004 to January, 2008 for 4 Metros, it has been observed that retail prices of sugar had

been declining from mid 2006, and after a brief spurt in mid 2007 they again declined. Retail prices of gram dal, sugar, potato and onion are also showing a declining trend. In Delhi, retail prices of wheat, which was steady at Rs. 12 per kg for the last one year, has now shown a marginal increase of Rs. 1 per kg since mid of January 2008. Retail prices of gram dal which reached to peak level of Rs. 42.50 per kg during September 2006 have now declined to Rs. 34 per kg. Retail prices of potato, which reached to peak level of Rs. 17 per kg during October 2006, are now quoted at Rs. 8 per kg. Retail prices of onion which reached to peak level of Rs. 23 per kg during September 2007 have declined to Rs. 8 per kg. Retail prices of tur dal have stabilized at Rs. 41 per kg. Retail prices of ground nut oil and vanaspati oil has been stabilized at Rs. 121 per kg and Rs. 68 per kg since mid of October 2007 and December 2007 respectively. Only retail prices of mustard oil show an upward trend during 2007 and are currently Rs. 69 per kg, mainly due to reports of crop damage by cold waves in Rajasthan and other States. Retail prices of Rice, which were earlier showing steady trend around Rs. 15 per kg since the beginning of 2007, are now showing a firm trend since December 2007 and is now Rs. 18 per kg mainly owing to a hike in MSP and bonus declared by the Government.

(b) Price rise in some food articles mainly rice, tur dal and edible oils is witnessed mainly due to inadequate suplies in relation to demand, diversion of foodgrains to bio-fuel and animal feed, production losses due to inclement weather conditions and food-inflation in international markets. The prices of essential commodiities from May 2004 to January 2008 are given in the Annexure.

[*See* Appendix 213 Annexure No. 3]

(c) The Government has taken a number of steps to control the price rise and to soften the impact of price rise on consumers. The important steps taken are given below:

(i) To augment availability of wheat Public Sector Agencies STC, MMTC, BEC are in the process of importing 23.0 lakh Mts) (+/-5%) during 2007-08. About 18.0 lakh tonnes of wheat have been contracted and almost the entire quantity has arrived in India as of 27.02.2008. Period of validity of import of wheat at zero duty was extended from 31.12.06 to 28.2.2007 and further to 31.12.07. It is now extended until further orders.

(ii) Export of wheat has been banned *w.e.f.* 09.02.2007. The ban will remain inforce up to 31.12.2007. The ban is now extended until further orders.

(iii) In order to maximize procurement of wheat and paddy, the Government has been increasing MSPs and announcing bonuses in the last 5 years. The Government has on 9.10.2007 made a decision to fix the MSP of wheat for crop year 2007-08 (to be marketed in RMS 2008-09) at Rs. 1000 per quintal. It also approved an incentive bonus of Rs. 100 per quintal during the Kharif Marketing Season 2007-08 for Paddy. Similarly, the export of non-basmati rice below Minimum Export Price of $5000 per MT has been banned by the Government.

(iv) Government has protected vulnerable sections of society through Targeted Public Distribution System (TPDS) and Antodaya Anna Yojna (AAY). Under the TPDS, wheat, rice, sugar and kerosene oils are allocated to State Governments for distribution through the Fair Price Shops. The offtake of wheat and rice under

Targeted Public Distribution System (TPDS) and other welfare schemes (OWS) has, however, been going up. For TPDS, wheat and rice offtake have gone up from 242 lakh tonnes in 2003-04 to 316 lakh tonnes in 2006-07. During the period April—November 2007, 242.96 lakh tonnes wheat and rice has been allocated under TPDS.

(v) The Central Issue Price for rice and wheat has not been revised since 1.7.2002. For wheat it remains at Rs. 4.15 per kg for BPL and Rs. 2per kg for AAY. For rice, it is Rs. 5.56 per kg for BPL and Rs. 3 per kg for AAY.

(vi) Customs duty on import of pulses was reduced to zero on June 8, 2006 and the period of validity of import of pulses at zero duty has been extended from 31.3.07 to 1.8.2007 and further to 31.3.09.

(vii) A ban was imposed on export of pulses with effect from June, 22, 2006 (except export of kaubli chana *w.e.f.* 7.3.07). The period of validity of prohibition on exports of pulses, which was initially upto 31.3.07 was further extended upto 31.3.2008.

(viii) As per initiative of Government, the State agencies (NAFED, PEC Ltd., MMTC and STC) are targeted to import 1.5 Million Metric Tonnes (MMT) of pulses. Out of the total contracts of 14.01 lakh tonnes made by these agencies, 10.75 lakh tonnes have arrived up to 12.02.2008. Public Sector Undertakings (PSUs) had been asked to import edible oils and to augment edible oils availability in the domestic market. they have currently placed orders for import of 46,500 tons of palm oils and the entire quantity has arrived at Indian ports.

(ix) W.e.f. 1.3.07, the import duty on crude sunflower oil was reduced from 65% to 50% and that of refined sunflower oil from 75% to 60%. Again, with effect from 23.7.07, the import duty on sunflower oil, both crude and refined, has been reduced and now stands at 40% and 50% respectively.

(x) With effect from 13.4.07, the import duty on CPO was reduced from 60% to 50% and that on refined palm oil from 67.5% to 57.5 % *w.e.f.* 23.7.2007 the import duty on crude palm oil (CPO) has been further reduced to 45% and that on refined palm oil to 52.5% . The Government has also withdrawn the 4% additional countervailing duty on all edible oils. Prior to 24.1.07 the import duties were 70% and 80% respectively.

(xi) With effect from 23.07.07, import duty on Soya oils has been reduced from 45% to 40%.

(xii) To increase the domestic availability of onion, NAFED increased the MEP from USD 250 PMT in March/April 2007 to US$ 495 PMT in October 2007. Since domestic prices of onion now show a declining trend. MEP has been successively reduced. Currently, MEP of onion is US$ 200 PMT. The export of onion was also put under license through designated canalizing agencies vide Notification No. 22 (RE-2007)/2004-2009 dated 4th October 2007. This restriction has now been lifted w.e.f. 16.11.07 having regard to the increased availability of kharif onion.

Furthermore, Government, also organised sale of onion through mobile centres operated by Delhi Government, NAFED, Kendriya Bhandar as well as Mother Dairy. These outlets numbering around 375, sold onion at Rs 17-18 per kg when the outside price was Rs 22-24 per kg.

(xiii) Steps were taken by Reserve Bank of India to reduce liquidity in the system by increasing the cash reserve ratio, first to 7% *w.e.f.* 6 August 2007 and then to 7.5% on 30 October, 2007. These steps have mopped up liquidity in the market of more than Rs. 30,000 crores.

(xiv) As a measure of abundant precaution, Forward Markets Commission (FMC) has on 23.01.07, directed the three National Exchanges, namely (a) Multi Commodity Exchange of India Ltd., (b) National Commodity & Derivatives Exchange Ltd., (c) National Multi Commodity Exchange of India Ltd., to delist all contracts of tur and urad and to close out all outstanding positions in all Tur and Urad contracts at the closing price on 23.01.07. FMC has also stated that no further contract shall be launched without its prior approval and permission already granted to launch contracts in Urad and Tur stands withdrawn.

(xv) Similarly, FMC has on, 27.2.2007, directed all the three National Exchanges that no new futures contracts in wheat and rice shall be launched.

(xvi) To contain volatility in the futures prices of wheat, pulses, etc. Forward markets Commission (FMC) has taken required regulatory measures such as imposition of limits on open position, reduction in limits on daily price fluctuation and imposition of additional/special margins.

(xvii) An Expert Committee has been set up under the Chairmanship of Shri Abhijit Sen, Member, Planning Commission to study impact, if any, of the trading in forward markets on the prices of the commodities.

(xviii) Keeping in view the prevailing price situation, the Central Government had issued a Central Order dated 29.8.2006 under the Essential Commodities Act, 1955 to enable the State Governments to invoke Stock Limits in respect of wheat and pulses for a period of 6 months. By virtue of this Order, the State Governments/UT Administrations have been empowered to take effective action to bring out the hoarded stock of these items to ensure their availability to the common people at reasonable prices. Government has, on 1.9.2007, extended the validity of the Central Order by another six months. It has now been extended further by six months from 1.3.08 till 31.8.2008.

(d) With a view to strengthen and streamline the PDS as well as to improve its reach in the far-flung, hilly, remote and inaccessible areas where a substantial section of the poor live, Revamped Public Distribution System (RPDS) was launched in June, 1992, Foodgrains for distribution in RPDS areas were issued to the States at 50 paise below the Central Issue Price. The quantity of foodgrains issued was up to 20 kg per card. The Targeted Public Distribution System (TPDS) was also introduced with effect from June 1997. Total number of BPL families covered under TPDS is 652.03 lakh as against 596.23 lakh families originally estimated when TPDS was introduced in June 1997. The Government

of India increased the scale of allocation to BPL and APL families to 35 kg of foodgrains per family per month with effect from 1st April, 2002. The Scale of Issue of foodgrains and their Central Issue Prices are as follows:

Scale of Issue (kg. per family per month)

Effective from	APL	BPL	AAY
June, 1997	-	10	-
April, 2000	-	20	-
July, 2001	-	25	25 (from Dec., 2000)
April, 2002	35	35	35

Central Issue Prices (CIPs)

(*Rs. per Kg.*)

APL		BPL		AAY	
Wheat	Rice (Gr.A)	Wheat	Rice (Common/Gr.A)	Wheat	Rice (Comm/Gr.A)
6.10	8.30	4.15	5.65	2.00	3.00

(e) Does not arise.

Procurement of Wheat

†839. SHRI MOTILAL VORA:
SHRI SATYAVRAT CHATURVEDI:

Will the Minister of AGRICULTURE be pleased to state:

(a) the total wheat production in country in the year 2007-08;

(b) the minimum support price of wheat fixed by Government in the year 2008;

(c) the wheat procurement target fixed by Government for the year 2008;

(d) whether the shortfall in wheat procurement target is due to agents because of whom entire payment is not made to farmers on time;

(e) the steps being taken by Government to achieve the target fixed by Government;

(f) the quantity of wheat imported in the year 2007-08; and

(g) the wheat production target fixed for year 2008-09 in the country?

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA): (a) As per the 2nd Advance Estimates release on 7th February, 2008, production of wheat in country in the year 2007-08 is estimated at 74.81 million tonnes.

(b) The Minimum Support Price (MSP) of wheat for 2008 is Rs. 1000 per quintal, as fixed by the Government.

(c) Since procurement by Government Agencies is open-ended, no procurement target has been fixed for the marketing season 2008-09.

†Original notice of the question was received in Hindi.